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Date: February 5, 2008 Name: Kent E. Genin Signature:

ING
with the U.S. Patent and
Levitt

Our Case No. 11927/90

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:

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<div[](https://orcid.org/0000-0002-9699-5005) David J. Schmitz, et al.

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<div[](Image/SerialNo_09896061.jpg)

Filing Date: June 29, 2001

) Group Art Unit No.: 3692

For: **Automated Execution System
Having Participation**

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Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313

PRE-APPEAL BRIEF REQUEST FOR REVIEW

Applicants request review of the final rejection in the above-identified application.

No amendments are being filed with this request.

This request is being filed with a notice of appeal.

The review is requested for the reasons stated on the attached sheets. No more than five (5) pages are provided.

REMARKS

In the final Office Action dated September 7, 2007, the Examiner rejected all of the pending claims as obvious under 35 U.S.C. § 103(a) as follows:

Claims	Cited Reference
1,3 and 6-23	Lupien et al. (U.S. 5,101,553)

The Rejections Under 35 U.S.C. § 103 (a) Should Be Withdrawn Because Lupien et al. Fails to Support A Rejection Based on Obviousness

Applicants submit that the cited reference is completely lacking teaching or suggestion of features of claims 1, 3 and 6-23.

CLAIMS 1, 10, 17, and 21

Applicants respectfully traverse the Examiner's rejection of independent claims 1, 10, 17, and 21 as obvious over Lupien et al. Claims 1, 10 and 17 relate to methods of trading products over an automated execution system; claim 21 relates to an automated execution system for trading products. All of the independent claims require automatically executing in order priority at least a portion of the electronic order against an order in an electronic book irrespective of broker review and allocating a percentage of a remaining portion of an electronic order to a participant.

The automated trade execution system with a participation component claimed in claims 1, 10, 17 and 21 includes, *inter alia*, automatically executing in order priority at least a portion of the electronic order against an order in an electronic book as recited in each of the independent claims and executing a remaining portion of the electronic order against a participant at a predetermined participation percentage as recited in independent claims 1, 17 and 21. Each of the independent claims recites a different variation of this allocation to a participant.

The Office Action expressly states that Lupien lacks at least this feature (Final Office Action mailed 9/7/2007, p. 3, last paragraph). Despite lacking at least this feature or any teaching of this feature, the Office Action justifies dismissing the clear distinctions

between the claims and the Lupien reference as “an agreement left between a participant and a client or as an agreement within a trading firm or company. As such, any agreement among these different entities would have been possible as long as all the involved entities agree to act on certain agreement, terms and conditions” (Final Office Action mailed 9/7/2007, p. 4). Applicants submit that the terms “agreement, terms or conditions” do not form any part of the pending claims, that specifically recited methods of operating an automated execution system are claimed (1, 10 and 17) and that the someone-might-eventually-come-up-with-this-invention argument based on Examiner musings is not sufficient to support an obviousness rejection.

The Office Action further states that “the Examiner notes that the system of Lupien et al contains all the claimed structural elements to perform the claimed invention” (Final Office Action mailed 9/7/2007, p. 4). Claims 1, 10 and 17 are method claims and generic structural elements in prior art are irrelevant to the claimed steps.

Specific comments on the independent claims are set forth below:

Claim 1: Claim 1 includes steps of automatically executing an initial portion of the electronic order against a stored order in the book process subsystem; automatically routing a first remaining portion of the electronic order to the firm participation subsystem, wherein a percentage of the first remaining portion of the electronic order is assigned by the automated execution system and executed against the participant (who submitted the order); and automatically routing a second remaining portion of the electronic order, if any, to the market maker subsystem, wherein the second remaining portion of the electronic order is executed against another participant.

Lupien fails to teach or suggest routing a first remaining portion of an order to the participant who submitted the order and then automatically executing a percentage of the first portion against the participant, as claimed by Applicants. In fact, Lupien teaches away from these steps. As seen in Lupien, for example at Col. 14, lines 32-36, the remainder left over after a partially executed order is held (if the order is partially executed) or merged with previously split orders (if a partially matched order is rejected). Thus, Lupien not only fails to teach routing a remaining portion of an order to a market participant, let alone routing a remaining portion of a partially executed order to the participant who had sent in the order, but also teaches: (1) holding onto that remaining portion of the order for later

execution and/or (2) merging previously split orders if a match is rejected.

The recited elements of claim 1 allow a market participant who sends in an order to participate in the order flow, thus providing an incentive to the market participant to submit orders to the automated execution system. For at least these reasons, Applicants submit that claim 1 distinguishes over Lupien.

CLAIM 10: Claim 10 recites a method of providing participation in an automated execution system, where an electronic order for an option contract submitted by a participant is automatically routed to an automated execution system, automatically routed to a book process subsystem where it is executed in order priority against a book order, and where a first remaining portion of the electronic order is automatically assigned to the participant. As discussed with reference to claim 1, Lupien lacks at least the step of automatically assigning a first remaining portion of the electronic order to the participant that submitted the order. Accordingly, Applicants submit that amended claim 10 is allowable over the cited art.

CLAIM 17: Claim 17 recites a method of trading a product on an automated execution system. Claim 17 includes several features similar to that of claim 1, where an order received from a firm participant is automatically executed against an order on the electronic book and a predetermined portion of the remainder is automatically routed to, and automatically executed against, that firm participant. Accordingly, Applicants submit that claim 17 is allowable for at least the same reasons as discussed with respect to claim 1.

CLAIM 21: Claim 21 recites a system for trading products, where the system includes an order routing system for automatically routing an electronic order for a product submitted by a firm participant, a book process subsystem for automatically allocating in order priority at least a portion of the electronic order against an electronic book and a firm participation subsystem for automatically determining if the participant is participating in the electronic order and, if so, automatically allocating a predetermined percentage of a contra-side of a remaining portion of the electronic order to the firm participant irrespective of broker review. As noted in the discussion above, Lupien lacks any teaching or suggestion of a system that routes (automatically or otherwise) a remainder of an order traded against an electronic book to a particular market participant. Thus, Lupien

completely lacks and, as also noted previously, teaches away from a firm participation subsystem as claimed.

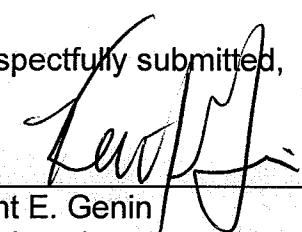
Accordingly, Applicants submit that claims 1, 10, 17 and 21 are allowable over the art of record for at least the reasons provided and Applicants respectfully request a withdrawal of this rejection.

The errors in the pending § 103(a) rejections are discussed with respect to the independent claims for purposes of brevity. The respective dependent claims are submitted to be allowable for at least the same reasons. Applicants request withdrawal of the current rejections.

June 19, 2007 Telephonic Interview

The undersigned and Jordan Newmark, a representative of the assignee, held a telephone interview with the Examiner on June 19, 2007. While Applicants' summary of the discussion was included in the amendment filed June 21, 2007, Applicants never received an interview summary from the Examiner. A tentative agreement was reached on some of the claims in that interview and the Final Office Action dated September 7, 2007 failed to reflect this agreement or even acknowledge the interview. Applicants understand the significant workload in the USPTO, however there is a concern here that discussions and arguments have not been properly considered.

Respectfully submitted,



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